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SUBJECT: PRESIDENT VENETIAAN'S STATE OF THE REPUBLIC SPEECH
YIELDS FEW SURPRISES

REF: (A) PARAMARIBO 602

(B) PARAMARIBO 503

(C) 04 PARAMARIBO 776

1. SUMMARY: Surinamese President Ronald Venetiaan marked the start of the new parliamentary year with his constitutionally required "State of the Republic" speech on October 3, which includes a presentation of the country's budget for the coming year. Successfully past the election period, the new administration offered no particular surprises in the speech, and was a good deal less boastful of past accomplishments than in his 2004 campaign kickoff budget speech (ref c). In international relations Venetiaan stressed the need for Suriname to have a more diversified foreign policy and singled out an astonishing array of partners, but as in previous years barely mentioned ties with the United States. With the inclusion of the Maroon-based A-Combination in the new ruling faction, greater attention was paid to addressing the concerns of populations within the interior. Finally, with regards to the economy, a troubling statistic revealed that current debt to GDP ratios violate a Law on Government Borrowing (see also septel). End Summary.

2. The GOS budget deficit is projected to be 9.3 percent of GDP in 2006, which would be more than 2 percent higher than in 2005. Operational costs will account for 35 percent of total expenditures, with salaries to civil servants alone making up 27 percent of the total. With regard to the current state of the economy the only issue featured in the President's speech was government debt (septel). Venetiaan cited foreign debt figures equating to 33.8 percent of GDP, and domestic debt at 18.9 percent. Left unspoken was that the latter violates Suriname's Law on Government Borrowing of 2002, under which the Minister of Finance can be held personally accountable and may face 10 years in prison and/or a fine of up to 2 million SRD if domestic debt exceeds 15 percent of GDP. Also noticeably absent from the President's speech was mention of the inflation rate. Whereas the GOS was quick to boast a 9.6 percent inflation rate for 2004 in last year's speech, no mention was made of it this year; monthly results suggest it may be rising.

3. In the realm of foreign affairs, President Venetiaan noted the impact of global changes on small vulnerable economies like Suriname. While Venetiaan at various points mentioned relations with a wide variety of European, Asian, Latin American and other international partners, the words "United States" passed his lips only once, before the word "dollars." Even Belgium and Greece received specific mention of bilateral assistance; we surfaced in the form of general reference to the FTAA and Summit of the Americas in the context of regional cooperation schemes of interest to Suriname. He reiterated Suriname's primary focus would remain the country's successful integration into the CARICOM Single Market and Economy (CSME) and maintaining good relations with Guyana. (Note: Suriname and its Western neighbor have a long standing border dispute. End note).

4. The President specifically mentioned the recently signed Petro Caribe Initiative (see Ref A) as well as an upcoming fisheries agreement with Venezuela. For all of China's activism in Suriname, they received surprisingly short mention; once in the general context of Asian cooperation and again in a repeat from last year's speech highlighting a program of loans and grants intended for social housing.

5. Venetiaan has been criticized in the past for focusing on coastal areas to the detriment of the country's underdeveloped interior and its peoples (Maroons and Amerindian). After elections in May 2005, the A-Combination, consisting of predominantly Maroon parties, was added to the Front plus coalition. Venetiaan's speech suggested the interior will now receive greater attention. He announced ambitious plans with regard to budget independence for the interior and stated that his Government will start consultations with Maroons and indigenous people concerning their rights to land. The Government pledged to improve education in those areas, establish an effective policy to tackle the contamination

of water sources due to the use of mercury in gold mines, and establish primary health care centers in various districts in the interior. He also referred to improving the ease and affordability of transportation to the interior.

16. The speech vowed to tighten subsidy policies with the objective of making government institutions and parastatals

more self-reliant. The president reiterated previous commitments to private non-profitable parastatals, for example in banana, rice, and wood industries as well as banking, and to enhance revenue collections both by revising structures and reevaluating current tariff schedules. A brief line promised to begin charging for some public services that had previously been performed for free. These commitments proved somewhat hollow in previous administrations, and this speech failed to address structural and political obstacles that impeded their realization in the past. The government's monetary policy continues to be focused on consolidating the stability of monetary ratios and the new currency, areas of reasonable success in the last administration, buttressed by a disciplined spending policy.

17. Several issues of concern to the U.S. received priority attention for continued government commitments. Notable mentions included international cooperation against trans-border crime, and a variety of other efforts valuable to effective action against trafficking in narcotics and persons such as improvements in immigration legislation, reassertion of government control in the interior, and generally better protection of the country's porous borders. The need for greater professionalism in the military and the establishment of strategic military posts in the country's interior were heralded. He promised post-elections consultations to improve the efficiency and quality of Suriname's election process.

18. Mild surprises came in the announcement that an elaborate plan for public sector reform would reach Parliament in 2006 (this is a current IDB project targeting the politically sensitive issue of high government employment levels;) a proposal to establish a system of minimum wages as Suriname integrates into the Caribbean labor market; and a contradiction of Natural Resource Minister Rusland's recent statements that the contract with Rosebel Gold Mines will not be changed. Venetiaan said the deal would be re-evaluated to maximize profit for Suriname. The president acknowledged concern on HIV/AIDS, and quoted a prevalence rate of 2 percent, below the rate of closer to 3 percent often quoted by healthcare workers and professionals in the sector.

19. Comment: The criticism voiced in the press and by opposition political parties was that the President's speech neither contained new ideas nor stated a new vision for the country. Some critics panned that he delivered last year's speech a second time, and indeed some media pointed out specific sections repeated verbatim from 2004. That speech was in fact a good deal bolder in touting government achievements, coming as it did as the kick off of the elections campaign. The lack of bold boasts or pronouncements in 2005 may reflect economic achievements deteriorated by electoral concerns, or the reality of the fragility of the coalition's position, in a much narrower parliamentary majority than in his previous administration (ref B).

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